MARKET SEGMENT: MEXICAN 127 MENU IDEAS: VEGETABLES 93

RB
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CAN NAGHAN DELIVER?

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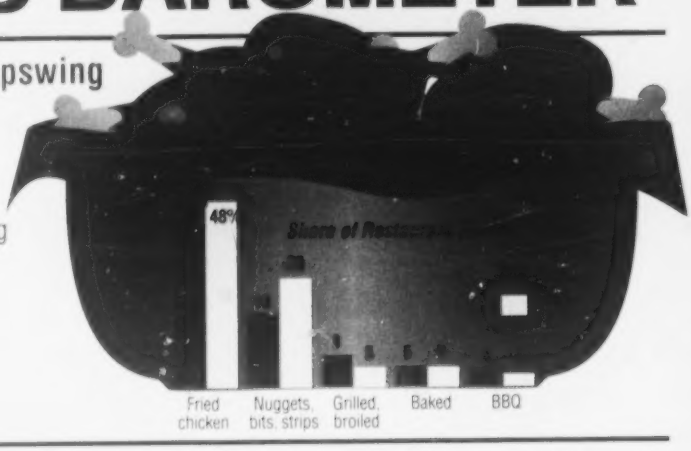
BUSINESS BAROMETER

Fried Chicken Orders Are On Upswing

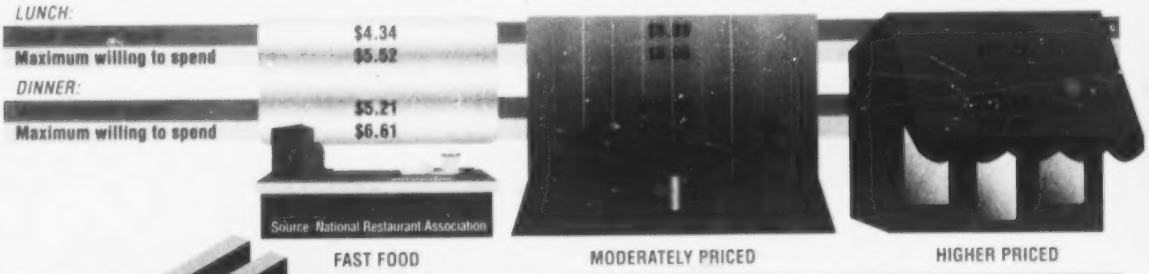
Fried chicken is making a comeback. New research shows that orders of fried chicken—spurned by many consumers during the late 1980s—have surged, making for one of the biggest gainers of all poultry entrees. One reason: family-style buckets have been value priced. Chicken nuggets have dropped in popularity.

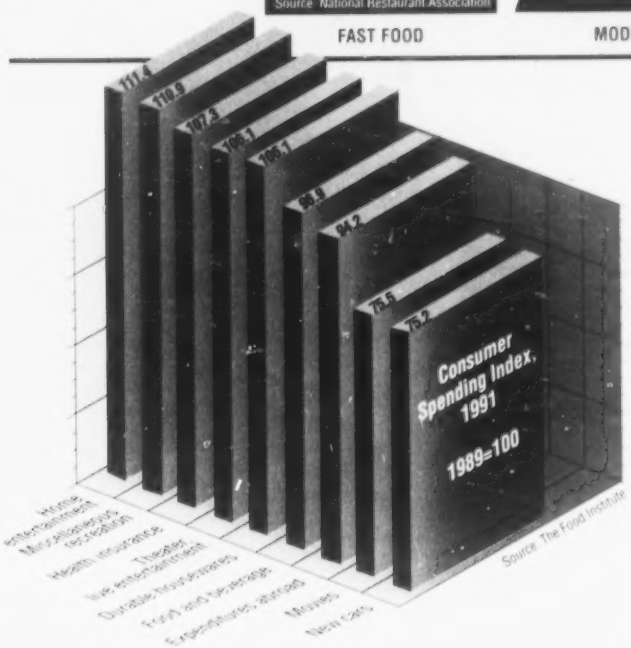


Source: National Restaurant Association

Customers Not As Price Resistant As You Think

How much are customers willing to spend on a meal? A recently released consumer survey shows some surprising news: that they are agreeable to spending up to about 30% more, assuming their expectations are met regarding perceived value.





How Food, Beverage Spending Compares With Other Categories

Food and beverage purchases are below 1989 levels on a constant dollar basis. But they're higher than expenditures for such things as new cars and movies. Consumer spending has recently been greater for theater, durable housewares, and home entertainment.

Charts by Peter K. Niceberg

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COVER STORY

DOMINO'S DILEMMA. Does Domino's have the money and marketing know-how to fight the deep pockets of PepsiCo's Pizza Hut or the cost-friendly products of Little Caesars? Can the broken spirit of the Domino's "family"—born of Tom Monaghan's aborted attempt to sell the company—be mended? Can Monaghan's latest executive team—the third in seven years—turn a millionaire's plaything into a real company grounded on sound business practices? In short, will Domino's Pizza survive? 78

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WAKEUP CALL AT WENDY'S. A short-lived breakfast program led the list of blunders that threw Wendy's International into a financial and operational tailspin in the mid-1980s. But with a hard-fought turnaround well in hand, some wonder if it's time for the fast feeder to rethink its morning-meal strategy 56

WHAT HAPPENED TO SOUS VIDE? Five years ago, this convenience food process seemed on the verge of a breakthrough in the U.S. Many thought the technology would revolutionize foodservice with "kitchenless restaurants." Between bad luck and bungled marketing, the sous-vide business in the U.S. remains underdeveloped, by most accounts far less than the billion-dollar market predicted. Despite that, proponents say it's poised for a takeoff 64

MARKET SEGMENT REPORT. **MEXICAN.** The segment's phenomenal growth spurt of the '80s has slowed, but it's still growing—especially in the quick-service restaurant category. Midscale Mexican establishments are fighting all of the nonsegment chains that have added Mexican items to their menus for market share. Upscale restaurants are focusing on authenticity and quality 127

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Reprints of the **1991 RESTAURANT GROWTH INDEX** and **1992 FRANCHISING REPORT** are available for $7 per copy. Direct inquiries to Editor Scott Allmendinger, *Restaurant Business*, 633 Third Ave., New York, NY 10017.

IN THE NEXT ISSUE

COVER STORY DRUGS IN THE WORKPLACE. Recently, three employees at a Chicago McDonald's unit were arrested for selling crack. Incidences like these are becoming more common in the industry. This will be an in-depth report on restaurants as a narcotics distribution point and as a place for drug abuse.

EUROPE LAND OF OPPORTUNITY. Will 1992 show significant restaurant development in Europe or is it more hype than anything else? This article will report on expansion problems and possibilities.

SPECIAL FEATURE THE EFFECT OF VALUE MENUS. *RB* examines the rise of value menus and how they've affected the industry. The high-price chef has been particularly hard hit; offering an expensive menu has been tough in this economy, and the abundance of cheaper options doesn't help.

MARKET SEGMENT REPORT ICE CREAM & FROZEN YOGURT. There's still a shakeout going on. Yogurt-only chains continue to suffer, feeling the effects of the recession and market saturation—everyone has added yogurt to their menu, and not just the ice cream chains.

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SANITATION TRAINING TAPES

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MEXICAN

MARKET SEGMENT REPORT

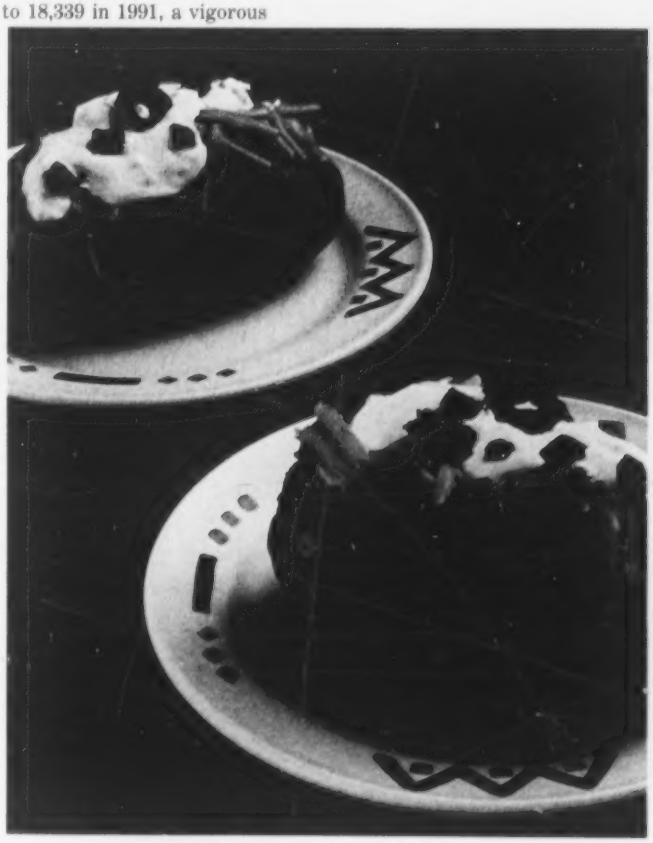
Units increased a whopping 41% from '85 to '91.

By James Scarpa

America's appetite for the tastes of Mexico grows each day. Nevertheless, few chains are capitalizing on it. "There are growth opportunities in Mexican restaurants on the demand side, but very few players have the resources for growth," says Mike Casey, CEO of Irvine, Calif.-based El Torito Mexican restaurants.

Mexican and related Tex-Mex and Southwestern cuisines give consumers lively flavors, price/value, and casual good times. The food is growing in popularity in the Midwest, Southeast, and Northeast, areas far removed from its West Coast and Southwest hotbeds. Mexican items are showing up on all sorts of menus outside the segment. Pizzeria Uno has chicken and steak fajitas. Burger King and McDonald's boast breakfast burritos. The Saloon, a Chicago steakhouse, has a Santa Fe Brunch on the weekends with smoked duck tostadas.

The number of Mexican restaurants in the U.S. has grown from 13,034 in 1985 to 18,339 in 1991, a vigorous 40.7% increase, according to the RE-COUNT report of Evanston, Ill.-based Restaurant Consulting Group Inc. But growth has been slower since 1989 thanks to the recession and the overabundance of units in key markets.



Taco John's president Pieter Roelofs is very big on product innovations. Pictured are a Nacho Potato and a Taco Potato.

The question is, where are the notable success stories, apart from Taco Bell, Chevys, and a few other scattered examples?

The typical player is an independent or a small privately owned chain. More than half of them are concentrated in the West Coast and the Southwest—markets that have become very competitive arenas. Debt, management miscues, and outdated buildings plague some. All are hurt by margin-killing discounting. Moreover, the ongoing credit crunch has made it harder for operators and franchisees to borrow for expansion, and harder for landlords to provide deals.

Traffic patterns in the Mexican segment tell a tale

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Some scenes from "Sizzling Saucy," Chi-Chi's TV spot for its current promotion, Chajitas Enchiladas.

about customers' price/value perception. In quick service, where value menus and discounting are most used, traffic rose 5% and 16% in the summer and fall quarters of 1991, respectively, according to CREST, a service of the Park Ridge, Ill.-based NPD Group. The other subsegments were spotty in those recent quarters, suggesting the impact of the recession. Midscale traffic fluctuated from flat to a 20% rise. Upscale slumped with decreases of 5% and 8%.

THE LEADER. Last year, Taco Bell couldn't match the phenomenal profit pace of the prior year but it still remains comfortably ahead. It finished 1991 with 3,600 units and $2.6 billion sales, up 17%. Profits advanced 18%. Same-store sales of domestic company stores grew 5%. In comparison, 1990 showed a 19% sales increase and 34% operating profit increase, and same-store sales up 13%.

Taco Bell revolutionized the QSR business when it quit preparing food in its units and became a lean, mean, commissary machine. That enabled it to protect its margins even while slashing prices with the 59¢-79¢-99¢ value menu.

Taco Bell is testing a Mexican-style breakfast menu with all items under $1 in 200 Los Angeles stores. Regional chains in the West and Southwest beat Taco Bell to Mexican breakfast years ago. But Taco Bell is betting that its program will lead to a national rollout and a potentially big volume boost.

Taco Bell's breakfast menu includes the Fiesta Breakfast Burrito (39¢), a Sausage Breakfast Burrito (59¢), and a Grande Breakfast Burrito (79¢). It also has a breakfast sandwich. "It's comparable to McDonald's Egg McMuffin, but at 99¢ it's a better value," says a Taco Bell spokesperson.

Taco Bell is also pushing into nonconventional locations with downsized Taco Bell Express units and mobile carts. Four express units operate at the Las Vegas airport in a licensing agreement with Marriott Corp. Taco Bell carts are in test at Arizona and California supermarkets, and may soon be put into other retail settings, especially since PepsiCo recently bought into a cart manufacturing company. There even are a few units in movie theaters.

The 302-unit Costa Mesa, Calif.-based Del Taco Inc. chain gives Taco Bell stiff competition. In fact, Taco Bell's promotion of breakfast has raised Del Taco's breakfast sales significantly, says Del Taco executive vice president of marketing Paul Hitzelberger.

The majority of units are Del Tacos located in California. The system also includes 35 Naugles restaurants in Utah, Nevada, and Missouri, which are not being expanded. Virtually all restaurants are open 24 hours and have featured Mexican breakfasts for years.

Customer counts, sales, check average, and profits are all trending up "dramatically" according to Hitzelberger. U.S. sales are estimated at $220 million.

Del Taco plans to "open up" and accelerate its franchising program, says Hitzelberger. Heretofore, franchising was limited mainly to friends and associates of the owners, but now outside applicants will be accepted. In 1992, it anticipates 25 to 50 new units.

Former Pizza Hut and Ponderosa executive Pieter Roelofs took the helm of Cheyenne, Wyo.-based Taco John's International last year. His mission is to revitalize a chain that with 430 stores is second only to Taco Bell in number of units. However, many units are 400 sq. ft. or less doing barely $250,000 per year. About 35% to 40% of its bigger units do $500,000 or better. Systemwide revenues were $137 million last year.

One of Roelofs' favorite tools is product innovation. He's working on both traditional Mexican foods and hybrids of Tex-Mex, Southwest, even Mediterranean tastes. An example is the Sierra Chicken Filet sandwich that's in test. It consists of Greek-style flatbread baked with Mexican spices, filled with Italian-style lemon herb chicken breast, dressed with Mexican salsa and Parmesan pepper dressing and avocado. It weighs 9 oz. and sells for $2.50 in test markets. It has reached 10% of sales without advertising.

In addition, Taco John's is remodeling older units. It is testing an "open delivery system" that puts food on display at the counter of a Jacksonville,

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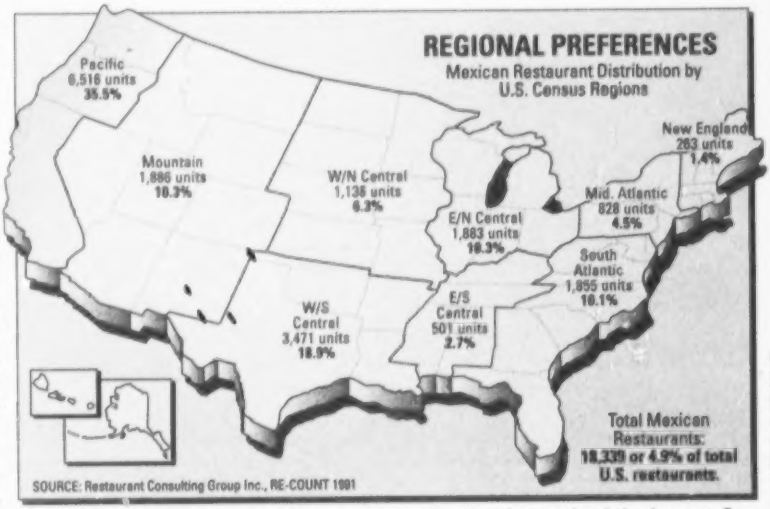
Fla., shopping mall unit. Expansion plans call for filling in markets in the Midwest and mountain states. It will open 40 to 50 new units in 1992, with a goal of 700 units by the year 2000.

Unusually warm temperatures on the Nebraska prairie are coaxing people out of hibernation this winter, says Jan Moore, vice president of marketing for Lincoln, Neb.-based Amigos, which operates 52 units in six Midwestern states. Nevertheless, Amigos is "working really hard" to reach its projected $25 million sales goal, up from $20.4 million in 1991. She says the company is proud of its 7.3% sales increase last year, because discounting decreased the average check even while boosting customer counts.

Eugene, Ore.-based Taco Time International formerly was one of the leaders in international Mexican restaurant franchising with more than 20 units overseas. That changed abruptly last year when its Japanese partner, Nissan, closed 20 Taco Time units in Tokyo, according to vice president of franchising Jim Thomas.

"We feel we're still alive in Japan," Thomas says, nevertheless. A couple of remaining Taco Time units there are doing well as independents. The international holdings consist of 80 units in Canada, plus token units in Venezuela and the United Arab Emirates.

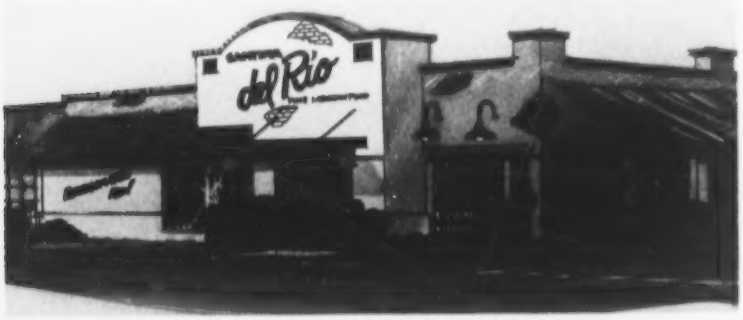
This year, Taco Time's priorities are remodeling its 302-unit, 32-year-old system and gearing up domestic franchising, especially new forays into food courts. It's offering franchisees a ½% discount on royalties if they remodel. It will open 12 to 14 units this year. Revenues were $95 million in 1991.



CHARTS BY SHARI FANG

W.R. Grace Co.'s two Atlanta-based Mexican fast-food chains, Del Taco and Taco Villa, continue to languish on the sale block after last year's acquisition attempt by Taco Tico Inc. fell through. (Grace's Del Tacos in the Southeast are separate from the California Del Tacos.) For the past five years, Grace has attempted to unload them.

The mood is "not great" in the 94 Del Tacos and one Arriba table-service restaurant operating in the Southeast and 41 Taco Villas in the Southwest, admits chief financial officer Buddy Utley. Same-store sales dropped 12% last year. Systemwide sales of the pair were $42 million.



Cantina del Rio is Bob Evans Farms' entry into the Mexican segment.

In the aftermath of the buyout flop, Taco Tico restructured and boosted sales. Last summer, the 98-unit Wichita, Kan.-based chain franchised its 68 company-owned units to current and former multi-unit managers. Since then, same-store sales increased 12%.

"It's a statement about the power of entrepreneurship," says executive vice president Dennis Swartz. He also gave some credit to the mild winter weather. He expects to see further 10% to 15% gains in the summer.

The Taco Maker, based in Ogden, Utah, has turned over nearly 80% of its management since the company's Chapter 11 bankruptcy filing two years ago. But a reorganization plan has been approved by the courts, and the company is filing new Federal Trade Commission disclosure forms this year to restart its franchising program.

The 89-unit chain will concentrate on filling in its far-flung system, which skips from the West to Northeast to Puerto Rico, where 45 units are located. "We'll grow again, but we'll be focused," says executive vice president Kevin Wayment.

Houston-based Two Pesos Inc. dutifully paid $3.7 million to archrival Taco Cabana last year, after the latter won a trade dress infringement lawsuit. But there's still one showdown to go. The

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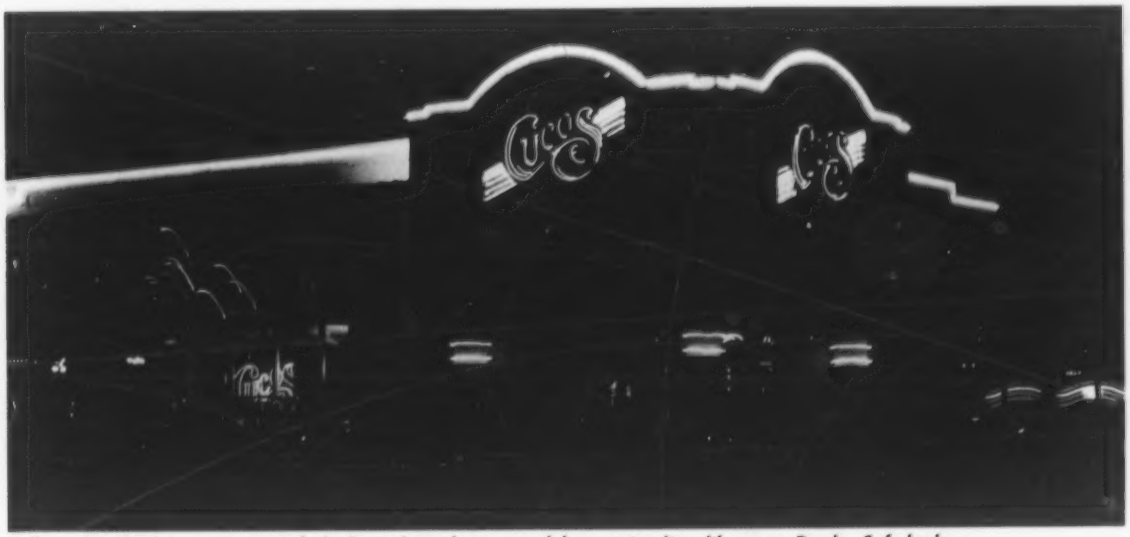

Full-service Mexican restaurant chain Cucos intends to remodel current units with a new Border Cafe look.

U.S. Supreme Court will hear Two Pesos' appeal. If the decision is overturned, Taco Cabana could be required to refund the monies. "It would mean a huge boost to our cash flow and bottom line," says Two Pesos president and CEO Ghulam Bombaywala.

Bombaywala, a Pakistan-born entrepreneur, owns 29% of Two Pesos Inc., and controls 49% of its stock. Since taking over in 1989, he closed five unprofitable restaurants, expanded into food courts, opened new markets in California, and purchased Short Stop, a 22-unit chain of double-drive-thru burger stores. In 1991, the 31 Two Pesos produced $36 million in sales and a net income of $494,000, turning around a $2.7 million loss a year prior.

The grass is greener in the Pacific Northwest for Portland, Ore.-based Macheezmo Mouse. The company closed a pair of units in northern California due to the high cost of doing business there. Future expansion will revolve around the Portland area, where it has seven units, and Seattle, where it has two. It projects at least one new unit this year. The nine-unit quick-service Mexican chain features a healthy menu and has a booming burrito business—especially chicken, veggie, and combination, priced $3.25 to $3.95.

FULL HOUSE. Full-service Mexican restaurants arguably have it rougher than their QSR brethren. They're bearing the brunt of competition from casual dinner houses and family restaurants as well as the recession's dampening effect on consumer spending.

Opinion is split over the impact of the mainstreaming of Mexican items on menus. Some, like Del Taco Inc.'s Paul Hitzelberger, call it "an absolute, unqualified plus" that expands awareness of the cuisine and fuels growth.

Others disagree. "The competition is not just Mexican restaurants, but also every Bennigans with a whole page of Mexican foods," says Robert Ptak, president of Chicago-based Pepe's Mexican Restaurants.

Mexican items are appearing on many nonsegment menus.

The country's largest full-service Mexican restaurant chain, Louisville, Ky.-based Chi-Chi's, is back in the public domain again. Parent Foodmaker Inc. recently completed a $15 million initial public stock offering that reduces debt from its 1988 leveraged buyout.

In recent years, Chi-Chi's has favored company store growth over new franchisees, opening about 15 units per year. The Chi-Chi's system consists of 230 units in the U.S. and Canada, 176 of them company owned.

Chi-Chi's is on the offensive in the price/value war with TV-supported promotions that package special entrees and desserts at bargain prices. Last fall, Whole Lotta Enchiladas touted beef and chicken enchiladas plus a hot fudge sundae for $6.99. Earlier this year, a Chajitas Enchiladas promotion featured Chajitas Enchiladas plus a dessert of sopaipillas and honey for $6.99. "People continued to order the entrees after the promotion ended," says Glen Drasher, vice president of marketing. It promotes dessert, too.

Both Chi-Chi's and Irvine, Calif.-based El Torito, the next largest full-

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service Mexican chains, plan to open units in supermarket food courts this year. Chi-Chi's plans to enter a Price Chopper supermarket in Kansas City, Mo., this year, along with QSR chains. El Torito's version, also slated for this year, will be in a Schnuck's supermarket in St. Louis, under the name Casa Gallardo.

Last year was a flat sales year for El Torito, which finished with $369 million in sales and 176 units. El Torito's growth will be limited this year because parent company Restaurant Enterprises Group has committed $66 million to acquire and convert 107 Marriott Corp. family restaurants in California into its own family system.

Funding isn't a problem for Chevys Mexican Restaurants. The hot San Francisco-based chain is fueled by private venture capital. It hit $70 million in revenues and 34 restaurants last year, up from $51 million and 24 in 1990. Right now, it's being eyed by securities firms and investors who'd like to make it a public company. Says president and CEO Mike Hislop: "We feel [Chevys] can offer more return than the recent restaurant IPOs."

This year, Chevys ventures outside northern California for the first time with a pair of restaurants in the Los Angeles area. Ten more will follow in 1993 before an eastward push occurs.

Chevys upscale "Fresh Mex" dishes such as grilled salmon fajitas capture white-collar baby boomers. Yet its $7 lunch checks and $9 dinner checks bring a brisk family trade, too.

Dallas-based Southwest Cafes Inc. has appointed J. Michael Jenkins as its new chairman and CEO. Jenkins was ousted from the top spot at Metromedia Steakhouses, reportedly because of poor profitability. Jenkins replaces Gilbert Cuellar, Jr. in both positions. Cuellar was forced to resign because of board and franchisee opposition to his policies. He favored development of the company's specialty restaurants—Casa Rosa, Cuellar's Cafe, Lupita's, Texana Grill, and two Cantina Laredos—over the flagship 90-unit El Chico chain. Dissatisfaction over the low stock price also sealed his fate.

Jenkins' marching orders are to revitalize El Chico, which has had little growth and a static menu for the past few years. Net sales in 1991 were $84 million, down 0.9% from a year prior.

Baja Bay Restaurant is located a short way from Chi-Chi's headquarters in Louisville, Ky., but miles away in concept. Owner Tom Gilfillan created a tropical resort atmosphere that is quite different from Chi-Chi's adobe haciendas. Baja Bay has a large salt water fish tank, barnwood walls, and pictures of frolicking whales.

Although the menu includes traditional nachos, tacos, and burritos, it also dishes up offbeat items such as white chili with white beans, chicken, cheese, and sour cream, $2.99, *pasta y zarzuela*—blue corn fettuccine with assorted seafood—$12.99, crab, shrimp, and scallop fajitas, $11.99, and smothered steak covered with onions, peppers, mushrooms, and Jack cheese, priced at $10.95.

This spring, Phil Romano is launching Nacho Mama's, "authentic Mexican with a gringo flair," in his home base of Leon Springs, Texas.

"There's a lot of opportunity now to do Mexican food with much more excitement," says Romano, who created the Fuddrucker's gourmet burger chain and Romano's Macaroni Grill, now a Brinker International growth vehicle.

Taco Bell's value menu has caused great tumult.

Glimpses into Romano's vision of Nacho Mama's: rotisserie chicken, corn on the cob, tortilla chips served in car hubcaps, beer by the quart bottle, loud Mexican music, and big portions. An abundant display of fresh fruits will surround the bar, to be made into signature margaritas. Built right into it will be a nacho bar "like an oyster bar," Romano says. A "tortilla lady" will hand guests tortillas baked fresh right in the dining room. Nothing on the menu will cost more than $7.

Mexican food's continuing popularity has attracted an unexpected new player to the segment—Columbus, Ohio-based Bob Evans Farms. This spring, Bob Evans debuts Cantina del Rio in Columbus, which will feature fresh, scratch-made Tex-Mex style food in a run-down roadhouse atmosphere. It will be managed separately from Bob Evans restaurants.

Look for hand-rolled tortillas made in the dining room, and mainstays such as fajitas and enchiladas. Dinner entrees will run in the $7 to $11 range. The food will be Tex-Mex style, but will avoid the label. "The consumer is afraid of Tex-Mex—it sounds too spicy," says marketing vice president Roger Williams.

Sales trends are promising early this year for Metairie, La.-based Cucos Inc. But last year, the war dampened the 10th anniversary celebrations of the 33-unit full-service Mexican chain. Many of the regular customers that patronized its units near military bases in Florida, Mississippi, and Georgia, spent the year in the Arabian desert.

Net income dropped to $150,000 from $180,000 a year prior, although Cucos' revenues increased 10% to $15 million. Same-store sales increased for the seventh straight year and guest

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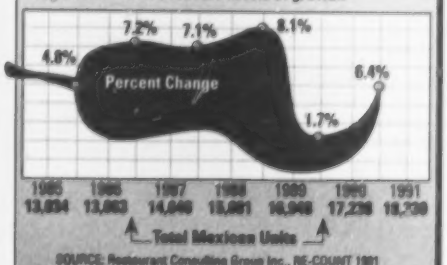
RED HOT GROWTH TURNS TEPID

The Mexican market segment had an amazing 40.7% increase in total units from 1985 to 1991. But that rapid rate declined significantly in 1989 and has not regained the earlier record levels of growth.



SOURCE: Restaurant Consulting Group Inc., RE-COUNT 1991

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counts increased 0.8%. Profitability of mature units reached an all-time high.

In 1992, Cucos expects to open three company restaurants and two franchised stores. Expansion will focus on small and medium-sized Southeast markets, although the 33-unit company has restaurants as far north as Milwaukee. In addition, Cucos is rolling out a new restaurant design, the Cucos Border Cafe. It's a "down and dirty" warehouse look with cement floors and abundant memorabilia on the walls, says chairman Vincent Liuzza Jr. The company's original decor statement is "tavern-style," he says. Three restaurants thus far have been remodeled, the rest to gradually follow.

You can't get much further north and east of the Southwest than Boston. Surprisingly quickly, the New England city has become a hotspot for refried beans, fajitas, and margaritas served by independent operators.

One of the longest established is the Border Cafe, located in Harvard Square, Cambridge, Mass., a 200-seat restaurant which does four turns on a Friday night. Owner Mike Larkin, a former associate of Chi-Chi's founders Marno McDermott and Max McGee, has a suburban unit, too, and is contemplating further expansion. The concept is "mainline Mexican," says Larkin. Strong points are fajitas, enchiladas, burritos, and strong margarita sales.

Also hot in Boston is Zuma's Tex-Mex Cafe in Boston's Faneuil Hall Marketplace, owned and run by Steve Immel, former chief operating officer of Pizzeria Uno. The restaurant is actually a downscaled and retooled version of Zuma, a concept he created to showcase esoteric "foods of the sun." It went over the heads of the marketplace's tourists. Immel hit the bullseye the second time, however, with lower prices and a more comprehensible menu. Customer counts have vastly increased at the 3,000-sq.-ft., 115-seat restaurant.

Southwest Cafes will focus on El Chico instead of concepts like this Texana Grill.

It is projecting $1.3 million sales this year, up from $850,000 in its first year, even though the check average decreased from $16 to $11.

For his new menu, Immel went back to the "peasant cuisine" he enjoyed while growing up in California and Arizona. Menu choices include Joe's Nacho Heaven ($3.97-$6.95), mesquite-smoked roasted chicken ($7.95), enchiladas verdes ($4.97), and South Texas Dry Rubbed BBQ Ribs ($11.95).

Also scoring big in Boston are partners Jimmy Lifton and Jimmy Burke. The pair have hit paydirt with the Cactus Club in Boston and the Iguana Cantina in suburban Waltham, Mass., and are thinking about additional restaurants in the future.

Cactus Club features modern creative Southwestern cuisine, says Lifton. That includes dishes such as seafood rancheros—tortilla-wrapped sautéed shrimp and scallops in adobo cheese sauce ($9.95), and even American Indian dinners with items such as Hopi Venison Sausage. The 95-seat eatery, which has a $16 dinner check, is running $65,000 in sales per week.

Less expensive and simpler is the Iguana Cantina. It offers a taco trio with beans and rice for $6.25 and Yucatan grilled shrimp with chipotle lime butter for $9.95. The 80-seat eatery has a $14 dinner check.

Only a handful of restaurateurs in the U.S aspire to the highest standards of authentic Mexican regional cuisines.

Rick and Deann Bayless, owner-operators of Frontera Grill and Topolobampo in Chicago, are among the nation's most prominent. Frontera Grill was lionized by the national food press and greeted with constant lines of customers practically since day one five years ago. The adjacent Topolobampo has received similar high praise and patronage in its two and a half years.

Menus are drawn from a rotating repertoire of more than 300 dishes. For them, their 110 combined dining seats are just enough. "We have no plans for

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Segment leader Taco Bell has 3,600 units and $2.6 billion in sales.

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Upscale operators are focusing on the authentic cuisines of Mexico.

further expansion—we're very happy," says Deann Bayless.

Frontera Grill, with 65 seats, features rustic regional Mexican fare such as *pollo pibil*, chicken breast marinated in the juice of sour oranges and steamed in banana leaves, and chiles rellenos. Dinner checks average $20.

Next door, the 45-seat Topolobampo serves food that is chef Rick Bayless' "vision on top of tradition," says Deann. It's more elaborate and exotic, using ingredients such as *huitalacoche*, a corn fungus, and serving dishes such as shrimp in a mole sauce of pumpkin seeds and pungent epazote herb. Dinner checks average $35.

A Berkeley, Calif., restaurateur is searching for a site for an ambitious new Mexican restaurant. Jim Maser, co-owner of Cafe Fanny there, has had a long-time dream of reproducing authentic regional dishes. Maser has done his culinary homework. His mentor is food authority and author Diana Kennedy. He and his executive chef have trained extensively with her at her home in central Mexico.

Maser hopes that his new venture will be blessed with the same success as Cafe Fanny, an eight-year-old stand-up food bar that had "its best year ever" last year.

His partner in the cafe is Alice Waters, owner of the trend-breaking Chez Panisse. It is uncertain whether Waters will take a financial interest in the Mexican restaurant, but Maser and his wife Laura will be the majority owners and managers. Sources say that the working name for the restaurant is *Maiz*, the Spanish word for dried corn.

Hat Dance, Lettuce Entertain You Enterprises' Mexican restaurant in Chicago, enters its fourth year "running on all cylinders, satisfying customers, and being more profitable than ever," says John Buchanan, managing partner. However, Hat Dance's saga has had its twists. It took Buchanan five years to convince LEYE honcho Richard Melman to open a Mexican restaurant. Buchanan came to realize that the audience for innovative Mexican food has limits. Cutting-edge dishes have had to share menu space with the familiar. When Hat Dance first opened, customers were given vegetables *en escabeche*—pickled carrots, onions, chiles, and rounds of corn. Many customers clamored for taco chips and salsa, however. Buchanan first resisted, then gave in.

Buchanan also learned not to fight customer demands for mundane dishes like chicken enchiladas, even though more forward foods like tuna asada, marinated pork carnitas, and wood-roasted chicken sell well. Hat Dance's raw bar has been scaled back to just shrimp ceviche and tuna sashimi from the original 10 to 15 raw items.

Some people still ask for nachos at Blue Mesa, Chicago's only restaurant serving New Mexican food. However, over the past eight years, it has gradually evolved a menu and a customer base that appreciates the distinctions of its food. The status quo has changed over the years from simple enchiladas with red or green salsa to more complex dishes such as grilled duck breast tacos with poblano peppers, caramelized onions, and a smoky sauce.

Now, chef Alan Katz is adding hints of foreign flavors to a menu that still remains solidly anchored in New Mexico. He jokingly calls a shrimp chimichanga a "Southwestern eggroll" because it includes Asian-style chile peppers and tomatillo salsa. His Flaming Tequila Cheese is a takeoff on the Greek saganaki cheese dish.

HEALTHY? Mexican food in the U.S. has often gotten a bad reputation as a cheap and filling belly stuffer that's not very healthy. However, the cooking that a number of restaurants are serving today is a big improvement.

Examples abound. Try the calabacitas fajitas at Zumas Tex-Mex Cafe, made with marinated, mesquite grilled squashes. Or Taco Time's 10-oz. veggie burrito. Or Amigos' chicken breast soft tacos and chicken fajitas nachos.

Cooking with lard is "out of the question," says a Macheezmo Mouse spokesperson. At Macheezmo Mouse, chicken breast is the most commonly used meat ingredient. Quesadillas and other items are topped with low-fat Jack cheese. Whole wheat as well as white flour soft tortillas are available. Salt is minimized. Brown rice is used.

Middle and upper-middle class Phoenix residents have welcomed the "Ultra-Lites" menu of Minga's restaurant in Glendale, Ariz. All told, it attracts about a third of total orders at the family-owned eatery.

One of chef Minga Garcia's most popular dishes is the Veggie Chimi Dinner made with seven different sautéed vegetables rolled in a flour tortilla—oven roasted, not fried. She also makes crabmeat-filled enchiladas or chiles rellenos, and ground turkey burros and turkey chorizo sausage platters. Most Ultra-Lites are priced about $6.25, $12.95 for vegetarian fajitas.

La Suprema Tortilleria in Dallas is outspoken about its commitment to healthy Mexican food. "Heal yourself, heal the planet, EAT ORGANIC!", shouts its menu copy. The restaurant has won a number of local newspaper and magazine awards for taste, not health, since it opened in 1989. It also has regular one-hour waits for tables, says co-owner Taylor Ford.

Although they serve Mexican dishes with beef, chicken, lamb, and cabrito (goat), about a third of the menu is devoted to vegetarian items such as tofu ranchero ($5.95), soy cheese nachos ($4.95), oat bran tacos ($7.95), and macrobiotic spinach enchiladas ($7.95). ■■

SOURCE: Restaurant Consulting Group Inc., RE-COUNT 1991